

## Federal Crop Insurance Corporation, USDA

§457.169

(B) That is sold by direct marketing if you fail to meet the requirements contained in section 12;

(C) That is damaged solely by uninsured causes;

(D) For which no sales records or unacceptable sales records are provided to us;

(ii) Production lost due to uninsured causes;

(iii) Unharvested production;

(iv) Potential production on insured acreage that you intend to abandon or no longer care for, if you and we agree on the appraised amount of production. Upon such agreement, the insurance period for that acreage will end. If you do not agree with our appraisal, we may defer the claim only if you agree to continue to care for the crop. We will then make another appraisal when you notify us of further damage or that harvest is general in the area unless you harvested the crop, in which case we will use the harvested production. If you do not continue to care for the

crop, our appraisal made prior to deferring the claim will be used to determine the value of production to count; and

(v) The market price will be used to value all appraised production in section 13(d)(1); and

(2) The value of all harvested production from the insurable acreage determined as follows:

(i) The dollar amount obtained by multiplying the number of pounds of pecans sold by the market price for each day the pecans were sold;

(ii) Totaling the results of section 13(d)(2)(i), as applicable;

(iii) The dollar amount obtained by multiplying the number of pounds of pecans harvested, but not sold production, by the market price;

(iv) Totaling the result of section 13(d)(2)(iii), as applicable; and

(v) Totaling the results of section 13(d)(2)(ii) and (iv).

### PECAN REVENUE EXAMPLE

| Year                                     | Acres | Average pounds per acre | Average gross sales per acre |
|------------------------------------------|-------|-------------------------|------------------------------|
| 2004 .....                               | 100   | 750                     | \$1,050                      |
| 2003 .....                               | 100   | 625                     | 625                          |
| 2002 .....                               | 100   | 200                     | 250                          |
| 2001 .....                               | 100   | 1250                    | 750                          |
| Total Average Gross Sales Per Acre ..... |       |                         | 2,675                        |

The approved average revenue equals the total average gross sales per acre divided by the number of years ( $\$2,675 \div 4 = \$669$ ).

The amount of insurance per acre equals the approved average revenue multiplied by the coverage level percent ( $\$669 \times .65 = \$435$ ).

Assume the insured produced, harvested and sold 70 acres of pecans with 300 pounds per acre of pecans on the 13th with an average price per pound of \$0.75, an actual price received of \$0.73, and an average AMS price of \$0.74, and elected not to harvest the other 30 acres of pecans, which were appraised on the 30th at 100 pounds per acre, but because of the quality, the average price per pound was \$0.65 and an average AMS price was \$0.64. The total dollar value of production to count is (300 pounds  $\times$  \$0.75  $\times$  70 net acres) + (100 pounds  $\times$  \$0.65  $\times$  30 net acres) = \$15,750 + \$1,950 = \$17,700.

The indemnity would be:

The amount of insurance per acre multiplied by the net acres minus the dollar value of the total production to count equals the dollar amount of indemnity ( $\$435 \times 100 = \$43,500.00 - \$17,700.00 = \$25,800$ ).

#### 14. Late and Prevented Planting

The late and prevented planting provisions of the Basic Provisions are not applicable.

#### 15. Substitution of Yields

The substitution of yield provisions of the Basic Provisions are not applicable.

#### 16. Written Agreements

Notwithstanding the provisions of section 18 of the Basic Provisions, for counties with actuarial documents for pecans, you must have at least two years of production and gross sales records and for counties without actuarial documents, you must have at least

four years of production and gross sales records to qualify for a written agreement.

[69 FR 52163, Aug. 25, 2004; 69 FR 54179, Sept. 7, 2004, as amended at 69 FR 63041, Oct. 29, 2004]

### §457.169 Mint crop insurance provisions.

The Mint Crop Insurance Provisions for the 2008 and succeeding crop years are as follows:

FCIC policies:

United States Department of Agriculture  
Federal Crop Insurance Corporation

Reinsured policies:

(Appropriate title for insurance provider)

Both FCIC and reinsured policies:

Mint Crop Insurance Provisions

1. Definitions

*Adequate Stand.* A population of live mint plants that equals or exceeds the minimum required number of plants or percentage of ground cover, as specified in the Special Provisions.

*Appraisal.* A method of determining potential production by harvesting and distilling a representative sample of the mint crop.

*Cover crop.* A small grain crop seeded into mint acreage to reduce soil erosion and wind damage.

*Cutting.* Severance of the upper part of the mint plant from its stalk and roots.

*Distillation.* A process of extracting mint oil from harvested mint plants by heating and condensing.

*Existing mint.* Mint planted for harvest during a previous crop year.

*Ground cover.* Mint plants, including mint foliage and stolons, grown on insured acreage.

*Harvest.* Removal of mint from the windrow.

*Mint.* A perennial spearmint or peppermint plant of the family Labiatae and the genus *Mentha* grown for distillation of mint oil.

*Mint oil.* Oil produced by the distillation of harvested mint plants.

*New mint.* Mint planted for harvest for the first time.

*Planted acreage.* In addition to the definition in the Basic Provisions, land in which mint stolons have been placed in a manner appropriate for the planting method and at the correct depth into a seedbed that has been properly prepared.

*Pound.* 16 ounces avoirdupois.

*Sales closing date.* In lieu of the definition contained in the Basic Provisions, if you select the Winter Coverage Option, application for the Winter Coverage Option will include application for the spring insurance period and must be submitted by the sales closing date for the Winter Coverage Option contained in the Special Provisions. Coverage may not be changed between the end of the Winter Coverage Option insurance period and the beginning of the spring insurance period. If you do not elect the Winter Coverage Option, application must be made by the spring

sales closing date contained in the Special Provisions and all policy changes must be made by that date. If you later elect the Winter Coverage Option, you may select your coverage under the Winter Coverage Option.

*Stolon.* A stem at or just below the surface of the ground that produces new mint plants at its tips or nodes.

*Type.* A category of mint identified as a type in the Special Provisions.

*Windrow.* Mint that is cut and placed in a row.

2. Unit Division

A basic unit, as defined in section 1 of the Basic Provisions, will be divided into additional basic units by each mint type designated in the Special Provisions.

3. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities

(a) In addition to the requirements of section 3 of the Basic Provisions, you may only select one price election for all the mint in the county insured under this policy unless the actuarial documents provide different price elections by type, in which case you may only select one price election for each type designated in the actuarial documents. The price elections you choose for each type must have the same percentage relationship to the maximum price election offered by us for each type. For example, if you choose 100 percent of the maximum price election for one specific type, you must also choose 100 percent of the maximum price election for other types.

(b) In addition to the provisions in section 3 of the Basic Provisions, you must report:

(1) The total amount of mint oil produced from insurable acreage for all cuttings for each unit;

(2) Any damage to or removal of mint plants or stolons; any change in practices; or any other circumstance that may reduce the expected yield below the yield upon which the production guarantee is based, and the number of affected acres;

(3) The stand age;

(4) The date existing mint acreage was planted;

(5) The date new mint acreage was initially planted; and

(6) The type of mint.

(c) If you fail to notify us of any circumstance that may reduce your yields or insurable acres from previous levels, we will reduce your production guarantee and insurable acres at any time we become aware of the circumstance based on our estimate of the effect of damage to or removal of mint plants or stolons; stand age; change in practices; and any other circumstance that may affect the yield potential or insurable acres of the insured crop.

#### 4. Contract Changes

In accordance with section 4 of the Basic Provisions, the contract change date is June 30 preceding the cancellation date.

#### 5. Cancellation and Termination Dates

In accordance with section 2 of the Basic Provisions, the cancellation date is September 30 and the termination date is November 30. If your policy is terminated after insurance has attached for the subsequent crop year, coverage will be deemed not to have attached to the acreage for the subsequent crop year.

#### 6. Insured Crop

(a) In accordance with the provisions of section 8 of the Basic Provisions, the crop insured will be all mint types in the county for which a premium rate is provided by the actuarial documents:

(1) In which you have a share;

(2) That are planted for harvest and distillation for mint oil;

(3) That have an adequate stand by the date coverage begins; and

(4) That have been:

(i) Inspected and accepted by us for the first crop year you are insured; or

(ii) Certified by you as having an adequate stand on the date coverage begins after the first crop year you are insured unless an inspection is required under section 8(b).

(b) In lieu of the provisions of section 8 of the Basic Provisions that prohibit insurance of a second crop harvested following the same crop in the same crop year, multiple harvests of mint on

the same acreage will be considered as one mint crop.

(c) In addition to the coverages provided in these Crop Provisions, you may also elect the Winter Coverage Option in accordance with section 13.

#### 7. Insurable Acreage

(a) Mint interplanted with a cover crop will not be considered interplanted for the purposes of section 9 of the Basic Provisions if the cover crop is destroyed prior to its maturity and is not harvested as grain.

(b) In addition to the provisions of section 9 of the Basic Provisions, unless allowed by written agreement, we will not insure any acreage that:

(1) Does not meet rotation requirements contained in the Special Provisions; or

(2) Exceeds existing mint age limitations contained in the Special Provisions.

#### 8. Insurance Period

In lieu of the provisions of section 11 of the Basic Provisions:

(a) Coverage begins on each unit or part of a unit for acreage with an adequate stand on the following calendar dates:

(1) June 16 in Indiana, Montana, and Wisconsin;

(2) May 16 in Washington; and

(3) For all other states, the date as provided in the Special Provisions.

(b) For the year of application, for when you have reported planting mint during the Winter Coverage Option insurance period, or for any insurance period following the payment of an indemnity or a reported loss where the crop was determined to not have an adequate stand, we will inspect all mint acreage within the two-week period before coverage begins (If you have elected the Winter Coverage Option, such inspection will occur not later than November 15).

(1) Insurance will attach on the date coverage begins, as specified in section 8(a), unless we inspect the acreage during the two-week period and determine it does not meet insurability requirements as specified in section 2 of the Basic Provisions, the application, or these Crop Provisions.

(2) You must provide any information we require for the crop or to determine the condition of the crop.

(c) Coverage ends for each unit or part of a unit at the earliest of:

- (1) Total destruction of the insured crop on the unit;
- (2) Final adjustment of a loss;
- (3) The final cutting for the crop year;
- (4) Abandonment of the crop; or
- (5) The following calendar date:
  - (i) September 30 in Indiana and Wisconsin;
  - (ii) October 15 in Montana;
  - (iii) October 31 in Washington; and
  - (iv) For all other states, the date as provided in the Special Provisions.

#### 9. Causes of Loss

(a) In accordance with the provisions of section 12 of the Basic Provisions, insurance is provided only against the following causes of loss that occur during the insurance period:

- (1) Adverse weather conditions;
- (2) Fire;
- (3) Insects or plant disease (except Verticillium Wilt disease), but not damage due to insufficient or improper application of control measures;
- (4) Wildlife;
- (5) Earthquake;
- (6) Volcanic eruption; or
- (7) Failure of the irrigation water supply, if caused by an insured cause of loss listed in sections 9(a)(1) through (6) that occurs during the insurance period.

(b) In addition to the causes of loss excluded in section 12 of the Basic Provisions, we will not insure against any loss of production that:

- (1) Occurs after harvest;
- (2) Is due to your failure to distill the crop, unless such failure is due to actual physical damage to the crop caused by an insured cause of loss that occurs during the insurance period; or
- (3) Is due to Verticillium Wilt disease.

#### 10. Duties In The Event of Damage or Loss

In addition to your duties contained in section 14 of the Basic Provisions, if you discover that any insured mint is damaged, or if you intend to claim an indemnity on any unit:

(a) You must give us notice of probable loss at least 15 days before the beginning of any cutting or immediately if probable loss is discovered after cutting has begun or when cutting should have begun; and

(b) You must timely harvest and completely distill a sample of the crop on any acreage you do not intend to harvest, as designated by us, to determine if an indemnity is due.

#### 11. Settlement of Claim

(a) We will determine your loss on a unit basis. In the event you are unable to provide separate, acceptable production records:

(1) For any optional units, we will combine all optional units for which such production records were not provided; or

(2) For any basic units, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for the units.

(b) We may defer appraisals until the crop reaches maturity or the date mint harvest is general in the area.

(c) In the event of loss or damage covered by this policy, we will settle your claim by:

(1) Multiplying the insured acreage for each type, if applicable, by its respective production guarantee;

(2) Multiplying the result of section 11(c)(1) by the respective price election for each type, if applicable;

(3) Totaling the results of section 11(c)(2);

(4) Multiplying the total production to be counted (see section 11(d)) of each type, if applicable, by its respective price election;

(5) Totaling the results of section 11(c)(4);

(6) Subtracting the result in section 11(c)(5) from the result of section 11(c)(3); and

(7) Multiplying the result in section 11(c)(6) by your share.

For example:

Assume that you have a 100 percent share in 100 acres of peppermint in the unit, with a production guarantee of 50 pounds of oil per acre and a price election of \$12 per pound. Because an insured cause of loss has reduced production, you only harvest and distill 2,500

pounds of peppermint oil. Your indemnity would be calculated as follows:

(1) 100 acres  $\times$  50 pounds = 5,000 pound production guarantee;

(2) 5,000 pound production guarantee  $\times$  \$12 price election = \$60,000 value of production guarantee;

(3) 2,500 pounds production to count  $\times$  \$12 price election = \$30,000 value of production to count;

(4) \$60,000 - \$30,000 = \$30,000 loss; and

(5) \$30,000  $\times$  100 percent share = \$30,000 indemnity payment.

(d) The total production to count (in pounds of oil) from all insurable acreage on the unit will include:

(1) All appraised production as follows:

(i) Not less than the production guarantee per acre for acreage:

(A) That is abandoned;

(B) That is put to another use without our consent;

(C) For which you fail to meet the requirements contained in section 10 of these Crop Provisions;

(D) That is damaged solely by uninsured causes; or

(E) For which you fail to provide production records that are acceptable to us;

(ii) All production lost due to uninsured causes;

(iii) All unharvested production;

(iv) All potential production on insured acreage that you intend to put to another use or abandon with our consent:

(A) If you do not elect to continue to care for the crop, we may give you our consent to put the acreage to another use if you agree to leave intact and provide sufficient care for representative samples of the crop in locations acceptable to us (The amount of production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or fail to provide sufficient care for the samples, the amount of production to count will be not less than the production guarantee per acre); or

(B) If you elect to continue to care for the crop, the amount of production to count for the acreage will be the harvested production, or the appraised

production at the time the crop reaches maturity.

(2) All harvested production from the insurable acreage.

(e) Harvested production must be distilled to determine production to count.

(f) Any oil distilled from plants growing in the mint will be counted as mint oil on a weight basis.

(g) You are responsible for the cost of distilling samples for loss adjustment purposes.

## 12. Late and Prevented Planting.

The late and prevented planting provisions of the Basic Provisions are not applicable.

## 13. Winter Coverage Option

(a) The provisions of this option are continuous and will be attached to and made part of your insurance policy if:

(1) You elect the Winter Coverage Option on your application, or on a form approved by us, on or before the fall sales closing date for the crop year in which you wish to insure mint under this option, and pay the additional premium indicated in the actuarial documents for this optional coverage; and

(2) You have not elected coverage under the Catastrophic Risk Protection Endorsement.

(b) This option provides a production guarantee equal to 60 percent of the production guarantee determined under section 3 of these Crop Provisions.

(c) If you elect this option, all of the insurable acreage in the county will be insured by this option.

(d) In addition to the requirements of section 6 of the Basic Provisions, any acreage of new mint planted after the applicable acreage reporting date must be certified by you and reported to us within two weeks of planting.

(e) In lieu of section 6(a) of these Crop Provisions, the crop insured will be all mint types in the county for which a premium rate is provided by the actuarial documents:

(1) In which you have a share;

(2) That are planted for harvest and distillation as mint oil;

(3) That have an adequate stand on the date coverage begins (newly planted mint types must be reported in accordance with section 8(b) but they must be reported as uninsured unless they have an adequate stand by the date coverage begins); and

(4) That has been:

(i) Inspected and accepted by us for the first crop year you are insured (We will inspect all mint acreage and will notify you of the acceptance or rejection of your application not later than November 15. If we fail to notify you by that date, your application will be accepted unless other grounds exist to reject the application, as specified in the Basic Provisions, the application, or these Crop Provisions);

(ii) Inspected and accepted by us not later than November 15 for the crop year following the payment of an indemnity or a reported loss unless the crop was determined to have an adequate stand (If we determined there was an adequate stand after the loss was reported, no inspection is necessary); or

(iii) Certified by you as having an adequate stand on the date coverage begins unless an inspection is required under section 13(e)(4)(ii).

(f) Coverage under this option begins:

(1) On existing mint acreage with an adequate stand at 12:01 a.m. on the calendar date listed below:

(i) October 1 in Indiana and Wisconsin;

(ii) October 16 in Montana;

(iii) November 1 in Washington; and

(iv) For all other states, the date as provided in the Special Provisions.

(2) On new mint acreage, that has an adequate stand by the date coverage begins as specified in section 13(f)(1).

(g) Coverage under this option ends on the unit or part of the unit at 11:59 p.m. on the calendar date listed below:

(1) June 15 in Indiana, Montana, and Wisconsin;

(2) May 15 in Washington; and

(3) For all other states, the date as provided in the Special Provisions.

(h) In lieu of section 10(a) of these Crop Provisions, you must give notice of probable loss within 72 hours after you discover any insured mint is damaged and does not have an adequate

stand, but no later than the date coverage ends for this option.

(i) In addition to the requirements of section 10 of these Crop Provisions, you must give us notice if you want our consent to put any mint acreage to another use before a determination can be made if there is an adequate stand on the acreage. We will inspect the acreage and you must agree in writing no payment or indemnity will be made for the acreage put to another use. The total production to be counted for acreage put to another use with our consent in accordance with this section will not be less than the approved yield.

(j) In addition to section 11(a) of these Crop Provisions we will make a Winter Coverage Option payment only on acreage that had an adequate stand on the date that insurance attached if the adequate stand was lost due to an insured cause of loss occurring within the Winter Coverage Option insurance period and the acreage consists of at least 20 acres or 20 percent of the insurable planted acres in the unit.

(k) In lieu of section 11(b) of these Crop Provisions, we may defer appraisals until the date coverage ends under this option.

(l) In lieu of section 11(c) of these Crop Provisions, in the event of loss or damage covered by this policy, we will settle your claim by:

(1) Multiplying 60 percent by your production guarantee per acre;

(2) Multiplying the result in section 13(l)(1) by the number of acres that do not have an adequate stand;

(3) Multiplying the result in section 13(l)(2) by the price election; and

(4) Multiplying the result in section 13(l)(3) by your share.

For example:

Assume that you have a 100 percent share in 100 acres of mint with a production guarantee of 50 pounds of oil per acre and a price election of \$12 per pound. Also assume that you do not have an adequate stand on 50 acres by the date coverage ends for this option because an insured cause has damaged the stand. Your Winter Coverage Option payment would be calculated as follows:

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(1) 60 percent  $\times$  50 pound production guarantee = 30 pound production guarantee per acre;

(2) 30 pound production guarantee per acre  $\times$  50 acres without an adequate stand = 1,500 pounds;

(3) 1,500 pounds  $\times$  \$12 price election = \$18,000; and

(4) \$18,000  $\times$  100 percent share = \$18,000 Winter Coverage Option payment.

(m) In lieu of section 11(d) of these Crop Provisions, the population of live mint plants to be counted from insurable acreage on the unit will be not less than the population of live mint plants in an adequate stand for acreage:

(1) That is abandoned;

(2) That is put to another use without our consent;

(3) For which you fail to meet the requirements contained in section 13(h); or

(4) That is damaged solely by uninsured causes.

(n) Acreage for which a Winter Coverage Option payment has been made is no longer insurable under the Crop Provisions for the current crop year. Any mint production subsequently harvested from uninsured acreage for the crop year and not kept separate from production from insured acreage will be considered production to count.

(o) Acreage for which a Winter Coverage Option payment has been made will receive an amount of production of zero when computing subsequent year's approved yield.

(p) Sections 11(e), (f), and (g) of these Crop Provisions do not apply to this option.

[72 FR 24527, May 3, 2007, as amended at 72 FR 29055, May 24, 2007]

**PART 458 [RESERVED]**